

FISCAL NOTE

HB 3305 - SB 3303

March 2, 1998

SUMMARY OF BILL: Amends state law to comply with Federal requirements to establish a central collection agency for collection of child support payments. Federal law requires the Department of Human Services or a contractor of the Department to become the central collection unit, but allows the linking of local disbursement units, i.e. court clerks to accomplish this task. Under this bill the Court Clerks Conference could establish such a central unit but would become responsible for the payment of all expenses of such a system. Fees collected by the clerks become program income, but clerks can be reimbursed for actual expenses incurred. The bill contains provisions that will allow the Department of Human Services to take over the central collection unit responsibilities if the clerks' conference is unable to accomplish the task. The bill also requires court clerks, even those not part of the current computer system, to input certain data pertaining to child support cases.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$222,890 - Recurring FY 98/99
\$11,900 - One-Time FY 98/99
\$1,459,469 - Recurring FY 99/00
\$714,866 - One-Time FY 99/00
\$982,106 - FY 00/01 - FY03/04
\$272,000 - FY 04/05

Increase State Revenues - Exceeds \$3,000,000

Decrease Local Govt. Expenditures - Exceeds \$1,000,000
Decrease Local Govt. Revenues - Exceeds \$10,000,000

Other Fiscal Impact:

Increase Federal Expenditures - \$432,670 - Recurring FY98/99
\$6,527,070 - One-Time FY 98/99
\$2,833,090 - Recurring FY 99/00
\$2,649,240 - One-Time FY 99/00

State funded recurring expenditures are estimated at \$1,682,359 and reflect additional staff and operating cost to administer the provisions of the bill. The state's share of expenditures for major computer system modifications to establish a case registry and a centralized collection process for child support payments will be initially financed

with the use of capital funds to be repaid over a period of six years. Additional state revenues are estimated to come from fees currently collected, which currently are retained by local governments. All fees become program income but can be used for expenditures incurred in operating the centralized collection process.

Currently clerk fees are set at 5% of the total collected. Fee revenues to local governments currently exceeds expenditures for the collection process. Under federal regulations any fees collected become program revenues. This estimate assumes that local governments will not participate in the centralized collection process and such fee revenue will be lost to local governments. If local governments choose not to participate in the program, local government expenditures are estimated to decrease. To the extent that local governments choose to participate, they can be reimbursed by the department for actual expenditures, however, a significant revenue loss to local governments is still estimated to occur.

Failure to meet the Federal requirements could jeopardize federal funding for the state's Child Support Program and the Title IV-A grant which funds the Families First Program.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director